

PSC DECIDES GTE MIDWEST INCORPORATED EXTENDED REACH PLAN ISSUE

Jefferson City (December 18, 1998)---The Missouri Public Service Commission has rejected tariffs filed by GTE Midwest Incorporated (GTE) seeking to provide a LATA-wide Extended Reach Plan (ERP). LATA stands for Local Access Transport Area. Missouri is divided into four LATAs (the Columbia-Jefferson City market area, the 417 area code, the 816/660 area codes and the 314/573 area codes with the exception of the Jefferson City-Columbia market area).

According to GTE, the proposed Extended Reach Plan was a **one-way** local calling plan to all exchanges within the customer's LATA in Missouri. The proposed plan included 30 hours of originating calling to all intraLATA (within a LATA in Missouri) exchanges outside of the exchanges included under the subscriber's local exchange service (home exchange calling area plus extended area service locations). The proposed monthly rate for one-party residential customers was \$27.50. For one-party business customers, the proposed monthly rate was \$55.00. Upon the completed use of the 30 hour block of time, an overtime rate of 12 cents per minute would have applied.

While the Commission encourages telecommunications companies to come up with programs which expand the calling area for customers, the Commission could not accept GTE's proposal as currently filed. "The Commission encourages all telecommunications providers to offer extended calling scope services through the use of their own facilities or by contracting with others. The Commission is aware that the public interest would be served by having extended calling scope services available to all customers. Therefore, the Commission encourages GTE and other telecommunications providers to file expanded calling plans which would provide dialing parity and be available for resale at wholesale rates. Providers can find instruction from those expanded calling plans that the Commission has approved."

A central issue in rejecting the tariff was GTE's request to have ERP listed as a "local service" offering. The Commission determined, based upon a thorough review of the testimony in this case, that ERP is not a local service and should not be filed in the company's Local Exchange Tariff.

The Commission stated in its order: "The price structure for this service, as reflected in the tariff, is not strictly a flat rate, but also includes a per minute charge after the initial 30 hours. This per

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minute addition makes the plan very similar to OCA (a toll plan) rather than the flat-rated (unlimited) expanded calling plans which are considered local (e.g., MCA and EAS).” The Commission further noted: “The Commission is not inclined to recognize a service as local which charges the customer on a per minute-of-use basis.”

Several parties in this case also argued that ERP was a toll service and not a local service offering.

In addition, as a “local service” offering, the service would only be able to be resold, at a discounted rate, to competitive local exchange telephone companies in GTE’s service territory. Long-distance carriers would be prohibited from purchasing the service at the discounted rate limiting its availability to customers. Under GTE’s proposal, competitive local exchange telephone companies could only receive ERP if they purchased GTE’s basic local service, which would limit availability.

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